

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1004 – SB 994

March 1, 2017

SUMMARY OF ORIGINAL BILL: Changes multiple state laws regarding the powers and functions of the individual boards of higher education institutions such that the powers and functions are aligned pursuant to the F.O.C.U.S. Act (Public Acts 2016, Public Chapter 869), rather than being aligned with the boards of the University of Tennessee and the Board of Regents. Such changes involve, but are not limited to: campus police, public safety, and security officers; internal financial audits; state-owned airplanes; audit committees; detailing of expenditures by chief executives; and the purchase and sale of alcoholic beverages on each individual campus.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (004401): Deletes and replaces section 9 of the original bill such that the only substantive changes are requiring the institutional presidents of the University of Tennessee System to recommend the hiring of campus internal auditors and authorizes internal auditors or auditors who report to the board audit committee to perform annual or other periodic audits of the Chancellor of TBR or President of UT.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Passage of this legislation will allow the board of each state university to independently adopt policies and procedures and perform functions that were previously under the sole jurisdiction of the Tennessee Board of Regents system or the University of Tennessee system. As a result, no changes in policies or procedures are anticipated to occur; this legislation provides the statutory authority for such policies and procedures to be implemented by each institution exclusively, rather than by the larger overseeing TBR and UT systems.
- These actions will be taken and performed within the normal course of board meetings and the normal course of business as the universities set up their independent

HB 1004 – SB 994

governance structures as set forth by the F.O.C.U.S. Act. Therefore, no significant fiscal impact to state government.

- Hiring of campus internal auditors and authorizing them to perform audits is assumed to be an option currently available to the UT system under current law. As a result, the bill as amended is not anticipated to result in any fiscal impact that could not already be incurred under current law.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee" followed by a small, stylized monogram or initials "RNC".

Krista M. Lee, Executive Director

/rbp